

 <p style="text-align: center;"><b>POLICIES AND PROCEDURES</b></p> <p style="text-align: center;">State of Tennessee Department of Intellectual and Developmental Disabilities</p>	<p><b>Policy #: 017-B</b></p>	<p><b>Page 1 of 3</b></p>
<p><b>Policy Type: Community/ Waiver</b></p>	<p><b>Effective Date:</b> - <i>November 30, 2011</i></p>	
<p><b>Approved by:</b></p> <p><i>James M. Henry</i></p> <p>Commissioner</p>	<p><b>Supersedes: Policy -017 A</b></p>	
	<p><b>Last Review or Revision: April 2011</b></p>	
<p><b>Subject: FISCAL ACCOUNTABILITY REVIEW POLICY</b></p>		

- I. **AUTHORITY:** Tennessee Department of Finance and Administration's Policy 22, Subrecipient Contract Monitoring; the Tennessee Subrecipient Contract Monitoring Manual; the Provider Agreement(s) between TennCare, DIDD, and provider; and the DIDD Provider Manual; Deficit Reduction Act of 2005; DIDD Policy P-011; Tennessee Code Annotated, Section 4-18-101 thru 4-18-106 and Tennessee Code Annotated, Section 71-5-181 thru 71-5-184.
- II. **PURPOSE:** This policy clarifies the process by which the Office of Quality Management in the Department of Intellectual and Developmental Disabilities (DIDD) performs Fiscal Accountability Review (FAR) audits of DIDD providers and how data from audits are aggregated, analyzed, remediated, and reported.
- III. **APPLICATION:** This policy applies to DIDD Office of Quality Management staff and to other DIDD Central Office staff who are responsible for data aggregation, analysis, reporting, and remediation.
- IV. **DEFINITIONS:**
  1. **Fiscal Accountability Review or FAR** shall mean the Fiscal Accountability Review Unit in the Office of Quality Management in the Department of Intellectual and Developmental Disabilities.
  2. **HCBS waiver or waiver** means a Home and Community Based Services waiver for persons with intellectual disabilities (formerly known as mental retardation) that includes the following:
    - a. Home and Community Based Services Waiver for the Mentally Retarded and Developmentally Disabled (#0128.R04.01) and any amendments thereto;
    - b. Home and Community Based Services Waiver for Persons with Mental Retardation (#0357.R02.01) and any amendments thereto; and
    - c. Tennessee Self-Determination Waiver Program (#0427.R01.03) and any amendments thereto.
  3. **Opportunity for Recoupment Review (ORR)** means an informal administrative review of recoupment findings to be conducted by the DIDD Director of Risk Management (formally DIDD Director of Internal Audit), the DIDD Regional Director or designee, or Assistant Commissioner of Quality Management or designee.

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V. **POLICY:** The Fiscal Accountability Review (FAR) Unit in the DIDD Office of Quality Management will conduct financial audits and evaluate compliance of providers with state and federal laws, rules, and regulations and with DIDD policies.

VI. **PROCEDURES:**

A. **Sampling Methodology:** During the last quarter of the calendar year, the Fiscal Accountability Review Unit shall generate a list of all DIDD service providers whose billing exceeds \$300,000 for the previous state fiscal year. All of these providers will be audited by the FAR Unit. Audit samples shall be determined in accordance with the following:

A 15% sample of service recipients served by that provider shall be reviewed. Through the use of a random number generator, a minimum of 5 service recipients and maximum of 30 service recipients shall be selected for review.

B. **Review Period:** A Fiscal Year (FY) monitoring cycle will be utilized. The auditor assigned to the provider will choose a 3-month period of time from the applicable Fiscal Year for which records will be reviewed. (i.e. FY11 contracts will be monitored during calendar year 2011) This methodology allows for at least six months of billings to be available for review even in the early months of the calendar year in which the reviews are conducted.

C. **Performance of Reviews:** Auditors in the DIDD Fiscal Accountability Review Unit will review the services billed by the provider for the service recipients in the sample. The audit will check for documentation to support the billing for the service (including service type, amount, frequency, duration, and authorization period) and will identify issues for potential recoupment. The auditor will submit a draft report of findings to the Assistant Commissioner of Quality Management or designee, who will review, approve, and prepare a final report of the audit findings.

In addition to the sample reviewed above, the scope of the audit may be expanded to further investigate areas of concern.

D. **Notification of Survey Findings:** The Assistant Commissioner of Quality Management or designee (formally Regional Director/ designee or Director of Internal Audit) will send the audit findings final report to the provider and a response will be requested. Copies of this report and the resolution will be provided to the Comptroller of the Treasury, TennCare Quality Review Unit, TennCare Division of Internal Audit, the DIDD Deputy Commissioner of Program Operations, the DIDD Central Financial Officer, the DIDD Fiscal Director and the applicable DIDD Regional Director.

E. **Remediation:** The provider shall have 15 business days from the date of the mailing/ delivery of the above notice to advise the Assistant Commissioner of Quality Management (formally Regional Director/ designee or Director of Internal Audit) in writing that the provider requests an informal administrative review in accordance with the Provider Agreement Section A.21 (b); Opportunity for Recoupment Review (ORR). Once the request is received, a date for the ORR will be established. The ORR may be performed in the context of a face-to-face meeting or by the submission of additional documentation, at the discretion of the Assistant Commissioner of Quality Management. The provider may include additional information to justify the billing(s) in question, agree

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with the finding(s), identify strategies to improve the documentation and billing processes, or a combination of the above. When the ORR is completed, the Assistant Commissioner of Quality Management (formally Regional Director/ designee or Director of Internal Audit) will issue a memo regarding the resolution of the findings or recoupment, as applicable.

If the request for an ORR is not received timely, the Provider has waived its ORR and the Assistant Commissioner of Quality Management will initiate recoupment proceedings. If necessary, this will be accomplished by withholding money from provider payments.

At this point, identified findings are considered **conclusive and final**.

VII. ATTACHMENTS: None.